

Exhibit

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Report of Interview

Date: August 18, 2011

Between: [REDACTED] International Monetary Fund

Janet Hudson, Trial Attorney, AFMLS, DOJ Criminal Division

Edward E. Bishop, Jr., Senior Contract Investigator, AFMLS, DOJ Criminal Division

On the above date, Janet Hudson and I met with [REDACTED] regarding [REDACTED] knowledge of the Government of Equatorial Guinea ("Government") in conducting its affairs and allegations of corruption. Hudson and I advised [REDACTED] of our identities and roles as members of the DOJ Kleptocracy Initiative. Hudson gave [REDACTED] an overview of the Kleptocracy Initiative. [REDACTED] agreed to speak to us.

[REDACTED] provided the following information:

1. Equatorial Guinea is one of the most corrupt countries in the world.
2. [REDACTED] joined the African department [REDACTED], and [REDACTED] joined the African department in [REDACTED]
3. [REDACTED] has been to Equatorial Guinea on four occasions [REDACTED]
[REDACTED] was the [REDACTED] of the two IMF consultations (financial reviews by IMF of Equatorial Guinea) for which reports were prepared and are publically available.
4. The mission of the IMF is to review the financial soundness of its country members at a macro level. This is done by reviewing four sectors of a member country's financial condition, determining whether or not the financial information provided is consistent information in relationship to each other across the four sectors, and deciding whether or not the country is financially sound. The four sectors of review are:
 - a. Fiscal (government budget)
 - b. Real (growth, inflation)
 - c. Balance of payments (external)
 - d. Monetary (banking)
5. In performing the review of these sectors, the IMF team attempts to put data together, review the aggregate data, and resolves any inconsistencies. As an example, what the monetary (banking) reports as loans to the government should equal fiscal (governmental financing) reports of funds borrowed. If there are any inconsistencies, the IMF team makes every attempt to resolve them by asking for more financial documents and by asking questions of government officials.
6. Almost everyone in the Obiang administration is connected to President Obiang. He has a lot of children and at least one in every ministry of the government.
7. A concern of [REDACTED] is the reporting of oil revenues as it is the largest source of revenue of the government of Equatorial Guinea; yet, the government never made any progress in meeting the requirements of transparency and financial reporting to become a member of Extractive Industries Transparency Initiative (EITI). Efforts in this area never got off the ground. Francesca [REDACTED], as the Minister of Finance, was responsible for submitting required documentation to EITI;

however, [REDACTED] never seemed to have an interest to meet the EITI requirements. There was no sense of misreporting, just no sense of interest. [REDACTED] concern was not directed to unreported revenue; rather, the government was "spending money badly".

8. The IMF had no way to check if money spent by the government of Equatorial Guinea was spent on what it reported in their financials (health, education, etc.). It is not the role of IMF to review this type of detail. Such review is performed by the World Bank. For example, if the government reported approximately half a billion USD on construction projects, inquiries would be made as follows: Were these things built? Were the costs reasonable? This is the type of detailed review performed by the World Bank. Rafael Munoz of the World Bank performed the public expenditures review, [REDACTED].
9. The government of Equatorial Guinea placed money in trust at IMF to fund consultants to assist the government in fiscal management and reporting. IMF hired consultants who were sent to Equatorial Guinea to assist the Minister of Finance. These consultants were hired as contractors of IMF and were managed by IMF. The World Bank has a similar type arrangement with its country members.
10. Two consultants, contracted as IMF Resident Fiscal Advisors, started working in Equatorial Guinea in late 2007 to early 2008 and became very involved and knowledgeable in the financial management and financial reporting of Equatorial Guinea as they worked in the offices of the Minister of Finance. These advisors are:
 - a. Javier Cuevas – formerly the Minister of Finance of Bolivia, who left Equatorial Guinea a few months ago and may have a bad feeling towards IMF, and
 - b. Jennys Bertel – from Colombia who remains in Equatorial Guinea through December 2011.
11. Two other IMF advisors left Equatorial Guinea in approximately March 2007. They never got as deep into the budget as did Javier and Janice.
12. When Equatorial Guinea's bank accounts at Riggs National Bank were closed, the funds were moved and deposited into government accounts at a Canadian bank in Montreal, Canada. [REDACTED] could not recall the name of the Canadian bank; but, [REDACTED] advised that [REDACTED]
[REDACTED]
[REDACTED].
13. Once the funds were in the Canadian bank, a Vietnamese-Canadian guy managed the Equatorial Guinea accounts and reports were sent to IMF. During this time the government of Equatorial Guinea wanted to invest funds from this account in derivatives, and IMF would not allow this type of risky investment by a country. The reports from the Canadian bank reflected the Equatorial Guinea government moving funds to bank accounts in Europe, and the IMF was unable to see what happened to these funds because the European banks did not send any reports to the IMF. After approximately a year, the Vietnamese-Canadian guy handling the Equatorial Guinea accounts suddenly left the bank. The Canadian bank no longer wanted to hold the Equatorial Guinea accounts; and, the remaining funds were transferred to the BEAC, the central bank for Equatorial Guinea. The European countries into which the funds were transferred included Switzerland, Germany. The Equatorial Guinea government also has accounts in China.

14. The Equatorial Guinea government had extensive construction dealings (contracts) with China.
15. Milagrosa, the Treasurer, was the nicest official to work with in Equatorial Guinea. She genuinely appeared to have an interest in the government improving upon its financial performance and transparency. She was concerned how the government was investing money abroad, and she did not want the government to keep its money in the BEAC.
16. There is a significant amount of corruption in Equatorial Guinea. [REDACTED] saw governmental, budget spreadsheets which contained a hidden column for payments to government officials. In the financial reports submitted by Equatorial Guinea to IMF, these payments were reflected as government spending in some expense category (ies).
17. In performing its review of a country's finances, IMF routinely issued an Article IV consultation report. In order to issue this report, IMF had to reconcile the budget surplus to where the money went and what it was used for - on deposit, investments, expenditures, etc. The president of Equatorial Guinea controlled all funds, inflows and outflows. IMF's Fiscal Affairs Department (FAD) provides support for public finances of its member countries. In the case of Equatorial Guinea, FAD refused to provide such support due to a lack of transparency.
18. Carol Baker at IMF has the public expenditures review of Equatorial Guinea that was performed by the World Bank. This review should provide the details of expenditures that we may be interested in.
19. During the [REDACTED] consultations lead by [REDACTED] asked government officials why the import tax revenue was so low since Equatorial Guinea had to import practically everything into its country. [REDACTED] would not get an answer; and, when [REDACTED] did it was an unsatisfactory answer that never really answered [REDACTED] question of why so low amounts of import tax revenue. [REDACTED] was finally told that the President's son, Teodorin, collected a 30% levy on all imports of the country; therefore, the government collected almost nothing. Equatorial Guinea's imports mainly come from Cameroon. Equatorial Guinea manufactures nothing; and, with all of the construction in the country (infrastructure and buildings), there is a significant amount of imports in this industry. There are only a few big importers.
20. In Equatorial Guinea there is a small group of people who control everything. As an example the government insisted that oil companies buy everything locally; but, the companies from whom the oil companies have to buy their products are owned by government officials. This has raised a concern by a number of companies, including Hess. Hess hired Whitney Scheidman in Washington, D. C. to facilitate its contacts with the IMF. Hess has the largest exposure of any U.S. company in Equatorial Guinea relative to its size. [REDACTED] suggested further discussion with [REDACTED] on this point.
21. [REDACTED] heard that Teodorin got a lot of money from timber. From the country perspective there was not much timber revenue. When [REDACTED] inquired about the low revenue, [REDACTED] were told there was a moratorium on logging. [REDACTED] did not go into the rainforest to check on this.
22. Regarding the IMF personnel that worked in Equatorial Guinea in earlier years, Brian Ames, as team lead, could provide the names of these individuals. [REDACTED] will review earlier files and provide the names of the individuals that [REDACTED] can.

23. The World Bank only looked at spending. IMF personnel knew there were kickbacks to government officials on the spending (awarding of contracts), and [REDACTED] referenced Teodorin's South African declaration (where-in he stated, government ministers "partner" with foreign companies and a sizable portion of the contract price ends up in their pockets.)
24. Most of the government funds were spent on the infrastructure, particularly Malabo II (a billion dollar city being constructed beside the old Malabo), the ports, and roads, including some that went to nowhere. Roads ended at Equatorial Guinea's borders with other countries as the adjoining country did not have roads. [REDACTED] has observed Teodorin driving his expensive vehicles, including a Lamborghini, on the roads in Equatorial Guinea.
25. Not all of the government's funds are wasted. There are modern hospitals in Bata and Malabo and a University. The government likes to spend its money on impressive buildings but neglected the more mundane needs of the people of the country, such as schools.
26. [REDACTED] advised questions from IMF's review still remain. These include what happened to investment returns from foreign banks? Were the funds reinvested? Were the funds paid to Teodorin? Or to other government officials?
27. The [REDACTED] had a lot of trouble trying to get the accounts of GEPetrol (pronounced "Hay" Petrol), the government owned company in the oil industry. The government told IMF the GEPetrol accounts were merely pass-through accounts of the country's oil revenue. IMF never had access to nor saw records of the primary accounts of GEPetrol. [REDACTED] did not know the reason for this. The records could have been doctored and there could have been collusion; but, [REDACTED] never saw the primary accounts. Nothing was clear regarding GEPetrol. These difficulties lead to issues regarding the completion and issuance of IMF's Article IV Consultation report for Equatorial Guinea. If IMF is not satisfied with a country's cooperation, it can elect to not issue the report which results in the country being removed as a member of IMF. Therefore, [REDACTED] keep asking for GEPetrol account records. [REDACTED] finally received some records (not the primary account records) which they used to compare with the information [REDACTED] received from the oil companies. This comparison provided a rough consistency between what the government reported it received through GE Petrol and the revenue the oil companies indicated they paid to the government. [REDACTED] commented that it was difficult to get information from all parties as it related to oil revenue.
28. SONAGAS is a government owned company in the liquid gas industry. The government is trying to develop natural gas as another revenue source.
29. The government had a big contract with a Chinese company to upgrade the country's electricity, water, telephone and infrastructure. It is unknown if Equatorial Guinea government officials received kickbacks in the award of this contract.
30. In addition to Javier Cuevas and Jennys Bertel, other IMF representatives who may be able to provide information are:
 - a. Carol Baker – lead a review team after Stotsky and who is very familiar with Equatorial Guinea;
 - b. Helmut Franken – in Equatorial Guinea for approximately three years and now at the University of Chile;
 - c. Demetri Milkoff – former desk economist on Equatorial Guinea;

- d. Brian Ames -- formerly with IMF and formerly a team lead; and,
 - e. Elizabeth Rivas -- prepared statistics on Equatorial Guinea and who looked carefully at the national output.
31. [REDACTED] suggested for us to review a publicly available document on Equatorial Guinea entitled Fiscal Transparency Assessment, Report on Observance of Standards and Codes.
32. The Social Development Fund was a funding through USAID that was to aid Equatorial Guinea in providing an enhancement to its citizens. For whatever reason, this Fund was extremely slow to get started. Construction costs were hard to determine. [REDACTED] felt those responsible for the Fund really didn't want to spend money on health and welfare because it was harder to steal from the Fund (with USAID involved) than from other sources.
33. In [REDACTED] career at IMF [REDACTED]
34. [REDACTED] advised that Botswana is the only African country that uses its revenue for the benefit of its people. Their main source of revenue is diamonds.

The conversation was concluded.

This memorandum was prepared based upon my notes and recollection of the conversation..

Edward E. Bishop, Jr.
Senior Contract Investigator